

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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JUL 31 2001

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
Petition of WorldCom, Inc. Pursuant)
to Section 252(e)(5) of the)
Communications Act for Expedited)
Preemption of the Jurisdiction of the)
Virginia State Corporation Commission)
Regarding Interconnection Disputes)
with Verizon Virginia Inc., and for)
Expedited Arbitration)
)
In the Matter of)
Petition of Cox Virginia Telecom, Inc., etc.)
)
In the Matter of)
Petition of AT&T Communications of)
Virginia Inc., etc.)
)

CC Docket No. 00-218

CC Docket No. 00-249

CC Docket No. 00-251

VERIZON VIRGINIA INC.

VOLUME IV OF IV

DIRECT TESTIMONY ON NONMEDIATION ISSUES I, III-VII

JULY 31, 2001

Original

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VERIZON VA'S DIRECT TESTIMONY ON NON-MEDIATION ISSUES
(CATEGORIES I AND III THROUGH VII)

- Network Architecture
- Intercarrier Compensation
- Unbundled Network Elements
- Advanced Services
- Pricing Terms and Conditions
- Resale
- Business Process

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**VERIZON VA'S DIRECT TESTIMONY ON NON-MEDIATION ISSUES
(CATEGORIES I AND III THROUGH VII)**

NETWORK ARCHITECTURE

- DONALD E. ALBERT
- PETER J. D'AMICO

JULY 31, 2001

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1 **I. INTRODUCTION**

2
3 **Q. PLEASE STATE YOUR NAME, YOUR POSITION AND YOUR BUSINESS**
4 **ADDRESS.**

5 A. My name is Pete D'Amico. I am a Senior Specialist in the Interconnection Product
6 Management Group for Verizon Services Corp. My business address is 416 7th Avenue,
7 Pittsburgh, Pennsylvania 15219.

8
9 My name is Don Albert. I am Director - Network Engineering for Verizon Services Corp.
10 (formerly, Bell Atlantic Network Services, Inc.). My business address is 600 East Main
11 Street, Richmond, Virginia.

12
13 **Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR BACKGROUND AND**
14 **EXPERIENCE, INCLUDING NON-VERIZON WORK EXPERIENCE.**

15 A. (D'Amico) I have a Bachelor of Science in Marketing from Indiana University of
16 Pennsylvania. I have been employed at Verizon and its predecessor companies for 17 years,
17 in positions of increasing responsibility, and have been in product management dealing with
18 interconnection arrangements for the last 11 years.

19
20 (Albert) I earned my Bachelor of Science degree in Civil Engineering from Virginia Tech
21 in Blacksburg, Virginia, in 1977. Since then, I have had over 24 years of
22 telecommunications experience with Verizon, Bell Atlantic and the C&P telephone
23 companies. During this time, I have held a variety of positions of increasing
24 responsibility in Network Operations, Sales, and Network Planning and Engineering. I

1 have been in my current position for four years. Prior to this position I was Director of
2 Engineering, Planning and Capital Management for Bell Atlantic-Virginia.
3

4 **Q. WHAT ARE YOUR RESPONSIBILITIES IN YOUR CURRENT POSITION?**

5 A. (D'Amico) My responsibilities include development, implementation, and product
6 management of interconnection services.
7

8 (Albert) I am responsible for Point of Interconnection planning in the 14 jurisdictions in the
9 Verizon East (former Bell Atlantic) service area. In addition, I am directly involved in the
10 network implementation of CLEC interconnection, unbundling, and collocation
11 arrangements and processes throughout Verizon East.
12

13 **Q. HAVE YOU EVER TESTIFIED BEFORE?**

14 A. (D'Amico) Yes. I testified in the Focal Arbitrations in the second quarter of 2000 in
15 Pennsylvania and New Jersey, in the Pennsylvania § 271 hearings in the first quarter of
16 this year, and in the Sprint Arbitration in Pennsylvania in July of this year.
17

18 (Albert) Yes. In connection with various CLEC arbitrations, state local competition
19 proceedings, and state § 271 proceedings, I have previously testified before commissions
20 in Virginia, New York, Massachusetts, Maryland, Pennsylvania, New Jersey, Delaware,
21 New Hampshire, Maine, Washington, D.C., and West Virginia on a range of subjects
22 associated with the design, engineering, and operation of telecommunications equipment
23 and networks.

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2 A. The purpose of our testimony is to present Verizon VA's position on network
3 architecture issues and to address the issues that Cox, AT&T, and WorldCom have raised
4 in this proceeding.

5
6 **Q. HOW IS YOUR TESTIMONY ORGANIZED?**

7 A. We have grouped the network architecture issues by subject matter as those subject
8 matters appear in Verizon VA's interconnection agreement. The subheadings track the
9 subheadings used in that document. There were other network architecture issues raised
10 in this proceeding, which are currently being addressed in mediation. If necessary, we
11 will address those issues at a later date.

12
13 **Q. PLEASE PROVIDE AN OVERVIEW OF YOUR TESTIMONY.**

14 A. Our testimony explains why the Petitioners' proposals are an impermissible attempt to
15 have Verizon VA subsidize their attempts to enter the local telephone market. The
16 Petitioners attempt to do this by, for example, having Verizon VA bear costs that are
17 actually caused by Petitioners' own decisions or by forcing Verizon VA to make network
18 architecture decisions for the benefit primarily of the Petitioners and not for Verizon VA
19 and its customers.

20
21 The main premise behind each one of Petitioners' network architecture issues is that
22 Verizon VA should be financially responsible for the Petitioners' interconnection
23 choices. This is the essence of Issue I-1, which affects all the remaining network

1 architecture issues. Simply put, if WorldCom, AT&T or Cox choose to locate only one
2 point of interconnection (“POI”) in a LATA, each should be financially responsible for
3 hauling the Verizon VA-originated call to the distant POI when that call leaves the local
4 calling area. Otherwise, Verizon VA would be forced to subsidize the Petitioners’ costs
5 of interconnection as well as their network design choices.

6
7 The Petitioners’ demands far surpass their legal entitlements and would have far-reaching
8 effects on Verizon’s network architecture. Moreover, the Commission’s decisions on
9 these network architecture issues will affect many of the intercarrier compensation issues
10 raised by the Petitioners. The cumulative effect of accepting the Petitioners’
11 overreaching would be to force Verizon VA to subsidize the cost of Petitioners’ entry
12 into the local telecommunications market and create a disincentive to the Petitioners’
13 deployment of their own networks.

14
15 **II. POINTS OF INTERCONNECTION (“POI”) AND TRUNK TYPES**
16 **(ISSUES I-1, I-2, I-7, III-4-b, IV-2, VII-1, VII-3, VII-4, VII-5)**

17
18A. **POINTS OF INTERCONNECTION**

19 **Q. WHAT IS A POI AND HOW DOES IT DIFFER FROM AN INTERCONNECTION**
20 **POINT (“IP”) (Issues I-1, VII-1, VII-3)?**

21 A. A POI is where the ILEC and CLEC physically interconnect their respective networks.
22 An IP is the place in the network at which one local exchange carrier hands over financial
23 responsibility for traffic to another local exchange carrier. A POI and an IP may be at the
24 same place but do not have to be. Pursuant to Verizon VA’s proposal, Verizon VA is

1 financially responsible for delivering its traffic to the CLEC's IP. Once Verizon VA
2 delivers traffic originating on its network to the CLEC's IP, then the CLEC is responsible
3 for transporting the traffic to its customer.
4

5 **Q. DID AT&T AGREE WITH THIS EXPLANATION OF A POI AND AN IP?**

6 A. Historically, yes. AT&T's position in this arbitration, however, indicates that it no longer
7 agrees with this explanation. Until the filing of this arbitration proceeding, AT&T and
8 Verizon VA have consistently defined POI and IP, recognizing the difference between
9 the terms. When AT&T filed its proposed interconnection agreement, however, it
10 attached a Schedule Four containing new, proposed contract language. In this new
11 language, AT&T defined POI as the place where the Parties physically exchange traffic
12 **and** as the place where financial responsibility for this traffic changes hands. In essence,
13 AT&T ignored over a year's worth of negotiation that recognized the distinction between
14 a POI and an IP that we have explained. Moreover, this Schedule Four proposes other,
15 new contract language that never has been the subject of negotiations between Verizon
16 VA and AT&T. In this situation, with AT&T seeking to insert this language into this
17 arbitration at the very last minute, the Commission should not consider the language
18 contained in AT&T's Schedule Four.
19

20 **Q. WHAT IS THE ESSENCE OF THE DISPUTE AMONG THE PARTIES**
21 **REGARDING THE POI AND IP?**

22 A. The issue, which is common to AT&T, WorldCom, and Cox, boils down to how to
23 allocate fairly the transport costs between Verizon VA and the CLEC when Verizon VA

1 delivers originating traffic from a local calling area to a CLEC POI that is located outside
2 of that local calling area. The CLECs want Verizon VA to bear the full transport cost
3 when Verizon VA delivers originating traffic from a local calling area to a distant CLEC
4 POI located within the LATA but outside of that local calling area. Verizon VA's
5 position is that the IP, or location where financial responsibility shifts from Verizon VA
6 to the CLEC, must be at a much more reasonable location so that the transport costs are
7 fairly allocated between the carriers. The issue is not, as WorldCom states, whether a
8 CLEC has the right to choose the location of its POI within Verizon VA's network. It
9 unquestionably does. Rather, the issue is whether the CLEC should be financially
10 responsible for its POI-location decision. If there is no financial accountability for the
11 CLEC when it comes to the location for its POI, then the transport costs associated with
12 hauling local calls outside of the local calling area to the distant CLEC POI are unfairly
13 shifted entirely to Verizon VA. This encourages inefficient behavior and is unfair.

14
15 **Q. WHAT DO YOU MEAN WHEN YOU STATE THAT THE PROPOSAL TO**
16 **HAVE VERIZON VA INCUR THE COSTS OF TRANSPORT TO THE DISTANT**
17 **POI ENCOURAGES INEFFICIENT BEHAVIOR AND IS UNFAIR?**

18 A. In effect, Petitioners want Verizon VA to transport local calls as if they are toll calls
19 simply because of the CLECs' decisions regarding where to locate their POIs. Verizon
20 VA would bill its end users for a local call but would actually transport the call to a
21 distant location that would normally be a toll point. It is neither equitable nor fair to shift
22 transport costs to Verizon VA based on the CLECs' decision to locate their POIs outside
23 of the local calling area. If there is no financial responsibility for the decision relating to

1 the location of the POI, there is no incentive for the CLEC to engage in efficient network
2 behavior. This is why there must be an IP separate from the POI where financial
3 responsibility for the call shifts.
4

5 **Q. WOULD YOU PLEASE PROVIDE AN EXAMPLE ILLUSTRATING WHY**
6 **PETITIONERS' POSITION IS UNREASONABLE?**

7 A. Yes. Assume a Verizon VA customer located in Staunton, Virginia, calls a next-door
8 neighbor whose local service provider is a CLEC. Further assume that the CLEC has
9 chosen to locate its only POI in Roanoke, which is approximately 90 miles away, in the
10 same LATA as Staunton but not in the Staunton local calling area. Under the Petitioners'
11 suggested approach, Verizon VA would be required to carry the call many miles through
12 multiple switches on its way to the CLEC's POI, but Verizon VA would still only charge
13 its customer for a local call, which will most likely be a flat rate. Verizon VA also would
14 pay the CLEC to terminate the call, even though it would, in essence, be a toll call
15 because of the CLEC's choice as to the placement of its POI. In short, Verizon VA
16 would typically not be able to bill its customer for its costs caused by the CLEC's choice
17 of POI location, would not be able to charge the CLEC for that choice, and instead would
18 have to pay the CLEC reciprocal compensation.
19

20 Juxtapose the foregoing scenario against one in which the Verizon VA customer in
21 Staunton is calling another Verizon VA customer in Roanoke. In this latter scenario,
22 Verizon VA would rightly be able to charge its customer originating the call toll charges
23 for transporting the call 90 miles across the LATA. This is a strikingly different but more

1 equitable and efficient outcome than the unfair and inefficient approach the Petitioners
2 propose.

3
4 **Q. UNDER THE PETITIONERS' PROPOSAL, VERIZON VA DOES HAVE TO**
5 **INCUR THE TRANSPORT CHARGES TO THE POI. BUT DO NOT THE**
6 **PETITIONERS ALSO HAVE TO INCUR TRANSPORT CHARGES BACK TO**
7 **THEIR LOCAL CUSTOMER IN STAUNTON?**

8 A. No, because the Petitioners are most likely not carrying the call back to a residential
9 customer in Staunton. It is far more likely that the Petitioners are instead dropping off
10 the call to an ISP collocated at (or nearby) their switch (in Roanoke for this example).
11 The CLECs have pulled off this "magic trick" by assigning numbers associated with a
12 local calling area to their ISP customers, who are not located in that calling area, thereby
13 creating the illusion of a local call. The CLECs typically have been returning relatively
14 few, if any, calls back to the local calling area from where Verizon VA's customers have
15 originated the calls. Accordingly, absent any credible evidence of actual facilities,
16 Verizon VA asks this Commission not to give any weight to the Petitioners' arguments
17 that they may make to the effect that they have to transport the calls back to the local
18 calling area from their switch.

19
20 **Q. HAS THE COMMISSION ADDRESSED WHO BEARS THE FINANCIAL**
21 **RESPONSIBILITY FOR THE PETITIONERS' CHOICE OF A POI LOCATION?**

22 A. Yes. The Commission recognized in its *Local Competition Order* that a CLEC that
23 desires "a 'technically feasible' but expensive interconnection would, pursuant to section

1 252(d)(1), be required to bear the cost of that interconnection, including reasonable
2 profits.” *Local Competition Order* ¶ 199. The Commission also has recognized that
3 “because competing carriers must usually compensate incumbent LECs for the additional
4 costs incurred by providing interconnection, competitors have an incentive to make
5 economically efficient decisions about where to interconnect.” *Id.* at ¶ 209. The
6 Petitioners’ proposals, which would require Verizon VA to pay for the additional costs of
7 the Petitioners’ interconnection decisions, would remove any such incentive. There is
8 nothing “efficient” about a carrier’s interconnection decision if it is able to force other
9 carriers to bear the costs of that decision.
10

11 **Q. HAVE OTHER STATE COMMISSIONS ADDRESSED THIS ISSUE?**

12 A. Yes. The South Carolina Public Service Commission (“South Carolina PSC”) recently
13 addressed this precise issue in an arbitration between AT&T and BellSouth and got it
14 exactly right. In this decision, the South Carolina PSC recognized that if AT&T
15 prevailed on this issue, AT&T would have succeeded in requiring BellSouth to subsidize
16 AT&T’s entry into the local exchange market in South Carolina. The South Carolina
17 PSC held that its review of this Commission’s orders did not suggest that CLECs were
18 free to transfer the costs incurred by their interconnection choices onto the ILECs. In
19 addition, the South Carolina PSC rejected AT&T’s argument, advanced again by AT&T
20 in this proceeding, that adopting BellSouth’s proposal would force AT&T to build
21 facilities to every local calling area served by BellSouth. Instead, the South Carolina
22 PSC acknowledged that AT&T could lease facilities from BellSouth or from a different
23 carrier. Further, because AT&T interconnected with almost every end office and access

1 tandem in BellSouth's territory, the South Carolina PSC concluded that the only
2 equitable solution was to require AT&T to assume financial responsibility for its
3 interconnection decisions. As the South Carolina PSC held:

4 Requiring AT&T to pay for the costs of its interconnection choices to
5 offset the costs imposed by those interconnection choices on BellSouth is
6 the fair and equitable solution. AT&T's interconnection choices require
7 the transport of local calls from one local calling area to another local
8 calling area where AT&T's POI is located. As AT&T has contributed to
9 the need and costs of these facilities, AT&T should pay for use of the
10 facilities.¹

11
12 The North Carolina Utilities Commission also has held that if AT&T interconnects at
13 points within the LATA but outside BellSouth's local calling area from which the traffic
14 originates, AT&T should compensate BellSouth or be responsible for transport beyond
15 the local calling area.²

16
17 **Q. HAVE ANY FEDERAL COURTS CONSIDERED THIS ISSUE?**

18 A. Yes. In *U.S. West Communications, Inc. v. Jennings*,³ and *U.S. West Communications,*
19 *Inc. v. AT&T Communications, Inc.*,⁴ federal courts in Arizona and Oregon determined
20 that state commissions should consider whether the CLEC is choosing one POI per
21 LATA to maximize the cost to the ILEC to gain an unfair competitive advantage. If so,

¹ *In re Petitioner of AT&T Communications of the Southern States, Inc. for Arbitration of Certain Terms and Conditions of a Proposed Interconnection Agreement with BellSouth Telecommunications, Inc. Pursuant to 47 U.S.C. § 252*, Docket No. 2000-527C, Order No. 2001-079 (Jan. 30, 2001) (South Carolina PSC) at 26-28.

² *In the Matter of Arbitration of Interconnection Agreement Between AT&T Communications of Southern States, Inc. and TCG of the Carolinas, Inc. and Bell South Telecommunications, Inc., Pursuant to the Telecommunications Act of 1996*, Docket Nos. P-140 Sub 73, P-646 Sub 7 (March 7, 2001) (North Carolina Utilities Commission) at 15.

³ 46 F. Supp. 2d 1004, 1021-22 (D. Ariz. 1999).

⁴ 31 F. Supp. 2d 839, 853 n. 8 (D. Or. 1998), *rev'd on other grounds, vacated in part*, *U.S. West Communications, Inc. v. Hamilton*, 224 F.3d 1049 (9th Cir. 2000).

1 then the state commissions should consider requiring the CLEC to compensate the ILEC
2 for costs resulting from inefficient interconnection.
3

4 **Q. DOES VERIZON VA HAVE A PROPOSAL TO ADDRESS THESE TRANSPORT**
5 **ISSUES?**

6 A. Yes. Pursuant to its geographically relevant interconnection point (“GRIP”) proposal,
7 Verizon VA makes IPs available at either the terminating end office wire center serving
8 the Verizon VA customer or the tandem wire center subtended by the terminating end
9 office serving the Verizon VA customer. Thus, Verizon VA is offering to the Petitioners
10 their choice of interconnection points that are located within a reasonable distance of
11 their customers originating the call. If the Petitioners have assigned telephone numbers
12 in a rate center, they also should have customers or facilities near by to facilitate
13 interconnection unless they are gaming the number assignment system. Verizon VA’s
14 proposal also allows the Parties to agree to alternative points of interconnection – such as
15 an end-point fiber meet or a mid-span fiber meet.
16

17 **Q. HAS VERIZON VA DEVELOPED AN ADDITIONAL PROPOSAL?**

18 A. Yes. As a compromise between the Petitioners’ proposal and Verizon VA’s GRIP
19 proposal, Verizon VA has developed its Virtual Geographically Relevant Interconnection
20 Point (“VGRIP”).
21

22 **Q. PLEASE DESCRIBE VERIZON VA’S VGRIP PROPOSAL.**

23 A. Under VGRIP, Verizon VA may request that the CLEC establish an IP at a collocation
24 site in each Verizon VA tandem wire center where the CLEC chooses to assign telephone

1 numbers. If Verizon VA only operates one tandem in a LATA, then Verizon VA may
2 designate additional VGRIP locations, such as host end office wire centers. In addition,
3 either Party may designate a CLEC collocation site at any Verizon VA wire center as the
4 CLEC IP for traffic originating from that end office. Under VGRIP, Verizon VA would
5 incur more than its share of the transport cost, but it would be able to deliver its traffic to
6 the CLECs at a more central location. Verizon VA would be responsible for the costs of
7 hauling this traffic from the Verizon VA customer to the designated Verizon VA VGRIP
8 tandem wire center or end office wire center where the CLEC is collocated, even though
9 that location may be beyond the local calling area of the originating customer. The
10 CLEC is then responsible for delivering the call from this central location to the CLEC
11 customer. If a CLEC elects not to establish an IP at the VGRIP locations, then Verizon
12 VA will deliver its traffic to another CLEC-designated location and the CLEC will be
13 financially responsible for the transport outside of the local calling area. This proposal
14 represents a significant compromise to share network expenses, to minimize CLEC
15 interconnection locations, and to hub those locations at places where the CLEC may often
16 already be collocated.

17
18 **Q. DOES VGRIP ADVERSELY AFFECT THE PETITIONERS' ABILITY TO**
19 **COMPETE IN THE LOCAL TELECOMMUNICATIONS MARKETPLACE?**

20 A. No. As noted above, under Verizon VA's VGRIP proposal, Verizon VA may continue to
21 be responsible financially for delivering traffic outside of the local calling area. In
22 addition, if the Petitioners do not intend to serve any customers in a particular area, their
23 ability to compete is not hampered. In those areas where Petitioners do intend to

1 compete, they do not need to build facilities throughout the area. Petitioners can build
2 facilities up to a single point in each LATA and then purchase those facilities they need
3 from Verizon VA or from another carrier to reach the local calling areas they want to
4 serve.

5
6 **Q. IN ITS RESPONSE TO VERIZON VA'S SUPPLEMENTAL ISSUE VII-1, AT&T**
7 **STATES THAT EACH PARTY SHOULD BE FREE TO INDEPENDENTLY**
8 **CHOOSE THE POINT OF INTERCONNECTION THAT BEST SERVES THAT**
9 **CARRIER'S NEEDS, WHICH WILL NOT PREJUDICE THE POINT OF**
10 **INTERCONNECTION CHOSEN BY THE CARRIERS. IS THIS TRUE?**

11 A. No. Pursuant to AT&T's proposal, AT&T unilaterally chooses the POI for Verizon VA.
12 AT&T's Schedule Four, which, as we previously explained, should not be considered,
13 states

14 1.1 VERIZON *shall* permit AT&T to interconnect at any technically feasible
15 point on the VERIZON network, including, without limitation, Tandems,
16 End Offices, outside plant facilities, and customer premises. The point
17 where the Parties interconnect shall be called a Point of Interconnection
18 ("POI"). Such POIs *shall* be used to (1) deliver ESIT originating on
19 AT&T's network to VERIZON and (2) to exchange Transit Traffic and
20 Meet Point Billing Traffic.

21
22 1.2 At AT&T's *sole* discretion, AT&T will establish one or more POIs within
23 a LATA in which AT&T offers local exchange service.

24
25 1.3 VERIZON *shall* interconnect to the AT&T network (*i.e.*, establish a POI)
26 for the delivery of ESIT originating on the VERIZON network at such
27 point mutually agreed to between the Parties or, *lacking mutual*
28 *agreement, at each respective AT&T Switch* serving the terminating end
29 user.⁵
30

⁵ AT&T Proposed Interconnection Agreement, Schedule Four §§ 1.1 - 1.3 (emphasis added).

1 There is nothing free or independent about the “choices” AT&T proposes to give Verizon
2 VA. In AT&T’s Reply to Verizon’s Exhibit B at page 1, AT&T claims that “each party
3 is in the best position to determine the [POI] at which to deliver its originating traffic to
4 the other party as long as the originating party was willing to pay for transport to reach
5 that [POI].” This principle, however, is not reflected in AT&T’s proposal. In fact, this
6 statement is entirely inconsistent with AT&T’s position on this issue. AT&T contends it
7 has the unilateral ability to choose the POI, even Verizon VA’s POI, and has ignored
8 Verizon VA’s explanation of why AT&T’s POI stance is inequitable because it forces
9 Verizon VA to bear a disproportionate share of AT&T’s interconnection costs. Verizon
10 VA’s GRIP and VGRIP proposals more equitably share the costs of building the joint-use
11 transport network the two carriers require to interconnect by giving both carriers financial
12 responsibility for portions of that joint-use network.

13
14 Moreover, contrary to its claim in its response, AT&T’s proposed Schedule Four does not
15 “track” the Commission’s “recent clarification,” nor does it conform to Verizon VA’s
16 model interconnection agreement. In its Reply, AT&T also contends that the
17 Commission’s recent *Intercarrier Compensation NPRM* “clarified the respective
18 responsibilities that ILECs and CLECs have to pay for the transport of their own
19 originating traffic.” As a matter of fact, the Commission has called it into question. In
20 discussing the single POI rules in the *Intercarrier Compensation NPRM* at ¶ 114, the
21 Commission stated that it was “concerned that the interplay of our single POI rules and
22 reciprocal compensation rules may lead to the deployment of inefficient or duplicative
23 networks.”

1
2 **Q. DO VERIZON VA'S GRIP OR VGRIP PROPOSALS ABROGATE AT&T'S**
3 **RIGHTS UNDER THE ACT?**

4 A. No. Verizon VA's proposal is fully consistent with the Act because it permits AT&T to
5 designate its POI anywhere in the LATA while it fairly compensates Verizon VA for the
6 costs Verizon VA incurs when AT&T chooses to implement an inefficient and costly
7 method of interconnection.
8

9 **Q. DOES AT&T'S PROPOSAL, AS IT CLAIMS IN ITS RESPONSE TO ISSUES**
10 **VII-4 AND VII-5, PERMIT THE "MUTUAL" AND "RECIPROCAL"**
11 **RECOVERY OF COSTS RELATED TO TERMINATING CALLS ORIGINATED**
12 **ON ANOTHER CARRIER'S NETWORK?**

13 A. No. There is nothing "reciprocal" or "mutual" about AT&T's proposal. If the
14 Commission accepts AT&T's proposal, AT&T will have the unilateral ability to pick its
15 POI, and if AT&T chooses not to "mutually agree" to the POI designated by Verizon
16 VA, AT&T chooses where that point or points will be located. Because Verizon VA has
17 more places on its network from which AT&T can pick and choose where to deliver its
18 originating traffic, AT&T can limit its transport costs. It limits its transport costs because
19 with more points at which AT&T can "drop off" its originating traffic, the fewer miles its
20 traffic travels before it is handed off. When AT&T's originating traffic only has to travel
21 a few miles, it follows that the transport expenses will be less costly. On the other hand,
22 when AT&T picks its one POI per LATA, Verizon VA has no choice about where it can
23 drop off its originating traffic and, thus, can be forced to transport it over great distances.

1 The obligations under AT&T's proposal are not comparable but onerous. Contrary to
2 AT&T's proposal, Verizon VA's GRIP and VGRIP proposals provide both Parties with
3 choices such that each Party takes responsibility for the origination, transport, and
4 termination of its traffic.

5
6B. DIRECT END OFFICE TRUNKING/DISTANCE SENSITIVE CHARGES

7 **Q. HAVE WORLDCOM AND COX RAISED ISSUES REGARDING DIRECT END**
8 **OFFICE TRUNKING (ISSUE I-2)?**

9 A. Yes, but their issues are somewhat different, though related to each other. WorldCom
10 states that the issue is whether Verizon VA can require WorldCom to receive Verizon
11 VA traffic at a Verizon VA end office and then transport that traffic back to the network
12 free of charge. Cox states that Verizon VA may not require Cox to eliminate its mileage-
13 sensitive rate element as a component of its entrance facilities rate. Both of these issues
14 become moot, however, if the Commission finds in favor of Verizon on Issue I-1.

15
16 **Q. WITH RESPECT TO WORLDCOM'S ISSUE, SHOULD VERIZON VA BE**
17 **PERMITTED TO ESTABLISH A CLEC IP AT A PETITIONER'S**
18 **COLLOCATION SITE?**

19 A. Yes. As an option under Verizon's Virginia VGRIP or GRIP proposal, either Party may
20 designate an existing CLEC collocation site at a Verizon VA wire center as the CLEC IP
21 for Verizon VA traffic originating from that end office. This is an efficient use of
22 facilities because the Petitioner already has existing facilities in place between the
23 collocation site and the Petitioner's switch. Since both Parties have a presence in the
24 Verizon VA wire center, it is a natural point to exchange traffic. Requiring Verizon VA

1 to build new facilities between the Verizon VA end office and the Petitioner's POI is
2 inefficient because it would require Verizon VA to duplicate already existing facilities. It
3 serves no purpose other than to load unnecessary costs on Verizon VA.
4

5 **Q. SHOULD THE COMMISSION ACCEPT COX'S POSITION THAT WOULD**
6 **PERMIT PETITIONERS TO CHARGE VERIZON VA DISTANCE-SENSITIVE**
7 **CHARGES (Issue I-2)?**

8 A. No. As previously explained, Verizon VA should be permitted to request an IP at a
9 collocation cage at the end office if the Petitioner has a collocation site at that location.
10 The CLECs should be financially responsible for the transport from the collocation site to
11 its switch. If the Commission disagrees with Verizon VA's position and makes Verizon
12 VA financially responsible for delivering its originating traffic to the POI when
13 Petitioners establish one POI anywhere in the LATA, which it should not, then Verizon
14 VA should not have to pay a distance sensitive rate element. Verizon VA's proposal
15 limits the amount a CLEC could charge to a non-distance sensitive entrance facility
16 charge. This is only fair for the same reasons Verizon VA provides in support of its
17 position on Issue I-1. Verizon VA is limited in its options with respect to where it can
18 deliver its originating traffic and should not bear the financial consequences resulting
19 from a CLEC's decision to select a distant POI.
20

21 Cox's position on this issue is particularly troubling because it refuses to allow Verizon
22 VA to build its own transport to the Cox IP. Cox believes that it has the right (1) to
23 establish its IP anywhere in the LATA, ignoring the location of the telephone numbers

1 (“NXXs”) that it chooses to assign, (2) to refuse to permit Verizon VA to build its own
2 transport facilities to that distant IP location, and (3) to charge Verizon VA distance
3 sensitive rates, in addition to non-distance sensitive rate elements, for transport to Cox’s
4 distant IP location. If Cox is allowed to charge distance sensitive rates to Verizon VA for
5 the transport to the far-away IP, it would be levying toll-like charges on Verizon VA for a
6 call that originates and terminates in a local calling area. Cox is essentially arguing that it
7 has the right to force Verizon VA to operate inefficiently, and to charge Verizon VA for
8 the privilege. Instead, Cox should be responsible for the costs caused by its choice of an
9 inefficient interconnection location. The Commission should see this Cox proposal for
10 what it is – yet another attempt at “regulatory arbitrage” intended to force the incumbent
11 to ship cash to the CLEC with a purposely-designed network trick. Like internet
12 reciprocal compensation, this network trick does nothing to advance competition or
13 improve economic efficiency. Its only purpose is to force Verizon VA to pay for the
14 privilege of interconnecting with Cox. It should be rejected.

15
16 **Q. DOES AT&T HAVE A POSITION ON WHETHER DISTANCE SENSITIVE**
17 **CHANGES ARE APPROPRIATE?**

18 A. Yes. The issue with respect to AT&T is whether it should be permitted to charge
19 Verizon VA distance-sensitive charges if Verizon VA purchases transport to an AT&T
20 IP. Pursuant to AT&T’s proposal, AT&T only offers Verizon VA a limited number of
21 IPs. In those instances when Verizon VA must purchase transport from the POI to an
22 AT&T IP, it may have to provide transport over a significant distance. In this situation,
23 Verizon VA should not have to bear distance-sensitive charges.

1

2C. FORECASTS

3 **Q. WHAT IS THE DISPUTE REGARDING FORECASTS (ISSUES I-7)?**

4 A. Issue I-7 is a Cox issue regarding whether Cox should have to provide Verizon VA with
5 forecasts of how much traffic originated by Verizon VA will be sent to Cox for
6 termination. Cox is willing to provide Verizon VA with a trunk forecast for trunks
7 carrying calls from Cox's network to Verizon's network. Cox, however, is not willing to
8 provide Verizon VA with a trunk forecast for trunks carrying calls from Verizon VA's
9 network to Cox's network. Verizon VA's position is that Cox should provide inbound
10 and outbound traffic forecasts because Cox is the only Party who can reasonably make
11 such forecasts.

12

13

14 **Q. WHAT IS THE ORIGIN OF THE TRUNK FORECASTING PROCESS**
15 **CURRENTLY USED BY VERIZON VA AND THE CLECS?**

16 A. The trunk forecasting process was developed through a New York PSC collaborative
17 working group. The New York PSC staff, Verizon, and the CLECs participated in this
18 effort. The trunk forecasting collaborative was part of a larger effort by the New York
19 PSC to develop operational performance standards, remedies, and penalties. The trunk
20 forecasting process from the New York collaborative requires the CLECs to provide
21 semi-annual trunk forecasts for both the trunks carrying calls from the CLECs' network
22 to Verizon's network, as well as the trunks carrying calls from Verizon's network to the
23 CLEC's network.

24

1 **Q. IS THE TRUNK FORECASTING PROCESS FROM THE NEW YORK PSC**
2 **COLLABORATIVE USED IN VIRGINIA?**

3 A. Yes, this process is used in Virginia. It is also used in the 13 other Verizon East states.

5 **Q. WHY DOES VERIZON VA NEED A TRUNK FORECAST FROM COX?**

6 A. Verizon VA uses trunk forecasts from Cox, and all CLECs, in its process to size and time
7 the additions of switching equipment to its switching machines - the switching
8 infrastructure for trunks. The planning, engineering, ordering, and installation of this
9 equipment requires relatively long lead times. Trunk forecast information is used to
10 decide how big an addition to make (sizing), as well as when to engineer and order the
11 addition (timing). Having sufficient trunking capacity in place on Verizon VA's
12 switches, in advance of provisioning interconnection trunks between Verizon VA's
13 switches and Cox's switches is critical to Verizon VA's ability to offer standard trunk
14 provisioning intervals and to meet operation performance standards for trunk
15 provisioning and trunk blocking.

17 **Q. IS VERIZON VA OR COX BEST ABLE TO FORECAST THE**
18 **INTERCONNECTION TRUNKS REQUIRED TO CARRY TRAFFIC FROM**
19 **VERIZON'S NETWORK (SWITCHES) TO COX'S NETWORK (SWITCHES)?**

20 A. Cox is able to best forecast this information. This is why the CLECs agreed to this
21 approach in the New York PSC trunk forecasting collaborative. The growth in CLEC
22 interconnection trunks has been explosive and volatile. For example, last year in
23 Virginia, trunks carrying calls from Verizon VA's network to the CLECs' network grew